



# PRESS RELEASE

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**Federal Deposit Insurance Corporation, Bank of England, German Federal Financial Supervisory Authority and Swiss Financial Market Supervisory Authority Call for Uniform Derivatives Contracts Language Change Would Facilitate the Resolution of a Global Systemically Important Financial Institution**

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC), together with the Bank of England, the German Federal Financial Supervisory Authority (BaFin), and the Swiss Financial Market Supervisory Authority (FINMA), have authored a joint letter to encourage the International Swaps and Derivatives Association, Inc. (ISDA) to adopt language in derivatives contracts to delay the early termination of those instruments in the event of the resolution of a global systemically important financial institution (G-SIFI).

In the letter, the resolution authorities express support for the adoption of changes to ISDA's standard documentation to provide for short-term suspension of early termination rights and other remedies in the event of a G-SIFI resolution. The adoption of such changes would allow derivatives contracts to remain in effect throughout the resolution process following the implementation of a number of potential resolution strategies. By minimizing the disorderly unwinding of such contracts, these changes would place resolution authorities in a better position to resolve G-SIFIs in a manner that promotes financial stability while providing market certainty and transparency.

"Uniform contractual language that limits termination rights with respect to derivatives transactions will greatly enhance the success of a resolution of a global systemically important financial institution (G-SIFI) which by its nature will have significant cross-border operations," said FDIC Chairman Martin J. Gruenberg. "The international



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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regulatory community has worked closely to harmonize the statutory approach to this issue and our request to ISDA reinforces this effort. Continued efforts among international regulators to cooperate on cross-border resolution issues such as this will reduce the risk of global financial instability and minimize moral hazard in the event of a G-SIFI resolution."

**Attachment:**

Letter to ISDA - PDF (PDF Help)

For more information on the FDIC's resolution efforts, please visit:  
<http://www.fdic.gov/regulations/reform/>.

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